

RETURNED BY RETURN TO:
BRIAN L. DAVIS, ATTORNEY
919 FERNCLIFF COVE, SUITE 1
SOUTHAVEN, MS 38671
601-393-8542
FILE: 03-501

BK 1869 PG 0249

SUBORDINATION

Whereas, Small Business Administration, an agency of the United States of America having an office at 2120 Riverfront Drive, Suite 100, Little Rock, Arkansas (hereinafter ASBA) is the present holder of a Land Deed of Trust given by **KACO's Kids, LLC** (hereinafter "Borrower") to Phillip L. Tutor, Trustee for the benefit of Three Rivers Local Development Company, Inc. to secure a Note dated May 5, 1998 in the original amount of \$235,000.00;

Whereas, the said Note is secured by the SBA Deed of Trust executed by Borrower, recorded on May 7, 1998, in Book 0996 Page 0296, in the land records of the Chancery Clerk of DeSoto County, Mississippi; and assigned to SBA by instrument recorded in Book 0996 Page 0301;

Whereas, Borrower is desirous of obtaining an additional loan in the amount of \$400,000.00 from General Electric Capital Corporation hereinafter referred to as Lender, for the purpose of refinancing; and, *Recorded in Trust Deed Book 1861 Page 477*

Whereas, the Lender requires Borrower to secure said loan with a first priority lien deed of trust; and further requests that SBA subordinate its deed of trust to the deed of trust having been taken or to be taken by said Lender.

NOW Therefore, in and for good and valuable consideration, and in order to induce said Lender to make said loan to Borrower, SBA does herewith subordinate the SBA Deed of Trust, to the deed of trust taken or to be taken by the Lender, which secures said loan.

It is expressly agreed and understood, however, that neither this Subordination, nor anything contained herein shall in any way alter or affect the validity of the SBA Deed of Trust or the amendments thereto first mentioned herein, or the lien on the real estate so subordinated herein, or any of the other collateral securing the indebtedness of the borrower to the SBA.

It is further expressly agreed and understood, that this Subordination is to extend only to the amount of the current loan made to the Borrower, for the purpose or purpose expressly set forth herein; and will not be valid for or extend to any future advances by Lender to Borrower, on the Note evidencing Lenders loan. This clause, however, is Not intended to prevent or inhibit advances by Lender for expenses incidental to the preservation of its collateral, protection of its security interest, collection of its debt, and or the like.

In witness whereof, the undersigned parties have consented to the contents, terms and conditions of this Subordination, this 17th day of October, 2003.

Administrator of the U.S. Small Business Administration

By: *[Signature]*

Title: *Deputy Assistant Director*

Borrower: KACO Kids, LLC

By: *[Signature]*

Title: Manager

STATE MS.-DESO TO CO
FILED

Nov 12 2 47 PM '03

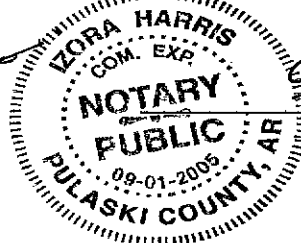
BK 1869 PG 249
B. L. DAVIS CH. CLK.

Lender: General Electric Capital Corporation

By: Connie Baker
Title: Sr. Loan Closing SpecialistState of Arkansas
County of Pulaski } ss

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Dennis McCoghey to me known, who, being by me duly sworn, did say that he is the Assistant Director of the U S Small Business Administration, and that he/she executed the same as the free act and deed of the U S Small Business Administration for the purposes and consideration therein expressed and in the capacity therein stated.

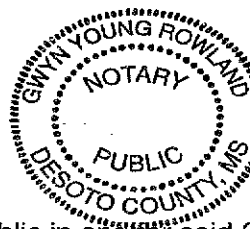
GIVEN UNDER MY HAND and the seal of office this the 17th day of October, 2003.

My commission expires: 9/1/05[Signature]
Notary PublicSTATE OF MISSISSIPPI)
COUNTY OF DESO, ss.

I, the undersigned Notary Public in and for said County, in said State, do hereby certify that Tracy Williams, whose name is signed to the foregoing instrument, and who are known to me, acknowledges before me on this date that, being informed of the contents of the said instrument, they do execute the same voluntarily on the day the same bears date.

GIVEN UNDER MY HAND and notary seal, this 28 day of October, 2003.

My commission expires:

[Signature]
Notary PublicSTATE OF MISSOURI
COUNTY OF ST. LOUIS

Notary Public State of Mississippi
At Large
My Commission Expires
June 26, 2005
BONDED THRU
HEIDEN, BROOKS & GARLAND, INC.

I, the undersigned Notary Public in and for said County, in said State, do hereby Certify that Connie Baker, whose name is signed to the foregoing Instrument, and who is known to

me, acknowledged before me on this date, that being informed of the contents of said instrument, she did execute the same voluntarily on the day the same bears date.

GIVEN UNDER MY HAND and notary seal, this 27th day of October, 2003

My commission expires:

Aug 21, 2004 Edward C. Bender, Jr.

Notary Public

